

## Addendum No.1, RFP 15-26



CITY OF SOMERVILLE, MASSACHUSETTS  
Department of Purchasing  
**JOSEPH A. CURTATONE**  
**MAYOR**

To: Prospective bidders RFP 15-26, Automated Citations Collections

From: Alex Nosnik, Assistant Director, Purchasing

Date: 10/10/2014

Re: **Questions & Answers**

### Addendum No. 1 to RFP 15-26

---

The City is issuing this addendum to RFP 15-26 Automated Citations Collections to provide additional information:

**\*\*PLEASE BE SURE TO ACKNOWLEDGE THIS ADDENDUM BELOW AND INCLUDE IT IN YOUR SEALED PROPOSAL\*\***

**1. Reminder of Due Date RFP:**

- **Proposals are due by 11am on 10/21/14.**

**2. Making the following changes to the Scope of Services Section:**

- Under the "AUTOMATED CITATION COLLECTION SYSTEM" Section, Sub-Section F "Collection Schedules"

**Delete:** "The collection schedule must be developed to provide maximum coverage Monday through Friday from 9:00 AM to 9:00 PM and Saturday from 10:00 AM to 2:00 PM. All times local."

**And replace with:** "The collection schedule must be developed to provide maximum coverage Monday through Friday from 9:00 AM to 9:00 PM and Saturday from 10:00 AM to 2:00 PM. All times local."

## Addendum No.1, RFP 15-26

- Under the “CITATION COLLECTION GUIDELINES” Section, Sub-Section B “New Account Timing”

**Delete:** “New accounts for Somerville residents (zip code 02143, 02144, 02145) should be created not less than 1090 days after date of citation issuance.”

**And replace with:**

“•New accounts for Somerville residents (zip code 02143, 02144, 02145) will be placed with selected service provider 1039 days after the date that second notice is sent.

•New accounts for Massachusetts residents outside of Somerville will be placed with selected service provider 129 days after the second notice is sent.

•New accounts for non-Massachusetts residents will be placed with selected service provider 39 days after second notice is sent.”

### 3. Questions and Answers:

**Q. What is the estimated size of the existing portfolio (the backlog) in terms of both the number of accounts and the dollar amount outstanding? The average balance owed per account? Per unique debtor/master collection account?**

*A. Attached “Citation Aging Report” provides greater detail regarding more recent portfolio as of 9/16/14.*

*Prior to the information included in the “Citation Aging Report,” the overall portfolio from July 2006 – June 2011 is as follows:*

- *Number of accounts 85,400*
- *Dollar amount outstanding: \$4,162,059*
- *Average balance owed per account: \$48.74*

**Q. What is the age of the oldest accounts (e.g. year) in the existing portfolio?**

*A. The oldest year is 1996. The attached PDF, “Amount Due by Issue Date 2014,” describes number of tickets outstanding and total amount due for each year.*

**Q. What is the estimated size, in terms of both the number of accounts and dollars outstanding, of annual referrals going forward (i.e. new/future placements)?**

*A. We expect issuance to increase 22% compared to the prior fiscal year and therefore we anticipate the overall portfolio to grow for the current fiscal year.*

*Using this projection, we estimate, for example:*

- *For non-Massachusetts residents with R/O information at least 2,024 new cases at \$111,563 in potential revenue.*
- *This figure does not include potential revenue for in-state delinquent accounts.*

**Q. If applicable, who is your current collection provider? If applicable, how long has your current collection provider been under contract?**

## **Addendum No.1, RFP 15-26**

*A. There is currently no contractor performing this work. The last contractor to perform this work was Professional Account Management, LLC, aka Duncan Parking Solutions. That vendor was under contract from 9/01/2010 through 4/01/2014.*

**Q. If applicable, what is your current collection provider's annual recovery rate (i.e. on accounts placed for one year)?**

*A. According to our vendor's records, the overall collection rate was 96.8%. The Out-of-State collection rate was 78.6%.*

**Q. If applicable, what is the fee percentage (e.g. 33% of all monies collected on all referred accounts) charged by your current collection provider?**

*A. Fee percentage for previous collection provider was a 20% contingency fee.*

**Q. If applicable, how much collection fees were paid to/earned by your current collection provider this past calendar year? The year prior to that?**

*A. Information is provided by fiscal year, July 1 – June 30. For example, FY2014 is July 1, 2013 – June 30, 2014.*

|                               |                  |
|-------------------------------|------------------|
| <i>FY2014 (through March)</i> | <i>\$86,940</i>  |
| <i>FY2013</i>                 | <i>\$129,007</i> |

**Q. If applicable, how many dollars and what number of accounts were collected by your current collection provider this past calendar year? The year prior to that?**

*A. \$405,470 was collected from July 1 2013 until April 1 2014. At \$35/account average, this would be about 11,585 accounts.*

**Q. Will accounts referred to your current collection provider be recalled and re-referred to the collection provider chosen pursuant to this procurement process? And if so, can bidders propose a higher fee percentage for these previously worked accounts (i.e. second placements)?**

*A. All accounts will be recalled and referred to new collection provider chosen pursuant to this procurement process. Bidder is eligible to propose a higher fee percentage for 'second placement' accounts within the Massachusetts cap of 35%.*

**Q. At what point in time (e.g. 90 days past due) will new/future accounts be placed with the selected Service Provider?**

*A. Revised terms for new/future accounts are as follows:*

- New accounts for Somerville residents (zip code 02143, 02144, 02145) will be placed with selected service provider 1039 days after the date that second notice is sent.*
- New accounts for Massachusetts residents outside of Somerville will be placed with selected service provider 129 days after the second notice is sent.*
- New accounts for non-Massachusetts residents will be placed with selected service provider 39 days after second notice is sent.*

***Late-payment notices are sent via mail on the following schedule:***

- 21 days after citation is issued, with \$5 fine applied to account
- 51 days after citation is issued, with \$15 fine applied to account

**Q. Are litigation services required/desired? If so, can bidders propose a higher fee percentage for accounts requiring litigation services?**

**A.** *Litigation services are not required.*

**Q. What are your in-house collection methods (e.g. number of mailings, calls, etc.) used on the referred accounts prior to referral to your collection provider? How will account/collection information or data be communicated to the successful bidder (i.e. electronic via an FTP site)?**

**A.** *Late-payment notices are sent via mail on the following schedule:*

- 21 days after citation is issued, \$5 fine applied to account
- 51 days after citation is issued, \$15 fine applied to account

*Transfer of account payment information is TBD.*

**Q. Please clarify what is being portrayed in Section 2.3 item “B. New Account Timing” of the RFP. Is this estimated age of accounts at time of placement? And if so, why are the accounts being held for so long and what is done during that time frame to collect upon these accounts? Aging hurts recovery rates more than anything else for this type of receivable.**

**A.** *This is the estimated age of accounts at time of placement. During the interim time frame, notices are sent in the schedule described in the previous question. The timing is in place to protect Somerville residents.*

**Q. Does the Somerville Living Wage requirement only apply to employees who are based in Somerville and/or Massachusetts?**

**A.** *This requirement is for all contractors, regardless of the location of their place of business.*

**Q. RFP Section F Collection Schedules states: “The collections schedule must be developed to provide maximum coverage Monday through Friday from 9:00AM to 9:00PM.” We assume the required hours are 8:00AM to 9:00PM. Please confirm that this assumption is correct.**

**A.** *The assumption is not correct. The stipulated hours are Monday through Friday from 9:00AM to 9:00PM.*

**Addendum No.1, RFP 15-26**

**Please acknowledge receipt of this Addendum by signing below and including this form in your proposal package. Failure to do so may subject the proposer to disqualification.**

**X**

---

Name of Authorized Signatory  
Title of Authorized Signatory

**Addendum No.1, RFP 15-26**

**Attachments**

Citation Aging Report  
Amount Due by Issue Date 2014

# Citation Aging Report

Page: 1

Data Type: **Parking**

Creation Date/Time: **9/16/2014 10:11:14 AM**

*Includes All Dates*

**Somerville**

Agency: **All**

| Category                                    | Current      | 31 - 90              | 91 - 1YR     | 1YR - 2YR                   | 2YR - 3YR    | Over 3YR       | Total           |
|---|--------------|----------------------|--------------|-----------------------------|--------------|----------------|-----------------|
| <b><u>Massachusetts</u></b>                 |              |                      |              |                             |              |                |                 |
| <b>On DMV Hold</b>                          |              |                      |              |                             |              |                |                 |
| Number:                                     | 0            | 0                    | 0            | 210                         | 899          | 59,833         | 60,942          |
| Dollar Amount:                              | \$0.00       | \$0.00               | \$0.00       | \$21,180.00                 | \$91,510.00  | \$3,116,157.00 | \$3,228,847.00  |
| <b>Not On DMV Hold</b>                      |              |                      |              |                             |              |                |                 |
| <b><i>With R/O</i></b>                      |              |                      |              |                             |              |                |                 |
| Number:                                     | 5,134        | 5,760                | 8,563        | 8,064                       | 6,250        | 65,298         | 99,069          |
| Dollar Amount:                              | \$222,495.00 | \$291,159.00         | \$504,948.00 | \$481,216.00                | \$360,640.00 | \$2,297,951.33 | \$4,158,409.33  |
| <b><i>Without R/O</i></b>                   |              |                      |              |                             |              |                |                 |
| Number:                                     | 2,056        | 909                  | 1,936        | 1,335                       | 1,771        | 24,741         | 32,748          |
| Dollar Amount:                              | \$86,030.00  | \$42,640.00          | \$96,332.25  | \$62,005.00                 | \$81,370.00  | \$828,989.25   | \$1,197,366.50  |
| <b><u>Out of State</u></b>                  |              |                      |              |                             |              |                |                 |
| <b><i>With R/O</i></b>                      |              |                      |              |                             |              |                |                 |
| Number:                                     | 133          | 861                  | 1,659        | 2,015                       | 2,014        | 55,345         | 62,027          |
| Dollar Amount:                              | \$6,365.00   | \$42,105.00          | \$91,445.00  | \$114,082.00                | \$113,190.00 | \$1,846,705.05 | \$2,213,892.05  |
| <b><i>Without R/O</i></b>                   |              |                      |              |                             |              |                |                 |
| Number:                                     | 1,239        | 317                  | 918          | 1,519                       | 1,613        | 41,780         | 47,386          |
| Dollar Amount:                              | \$53,790.00  | \$14,520.00          | \$44,615.00  | \$72,625.00                 | \$75,470.00  | \$1,235,969.00 | \$1,496,989.00  |
| <b><u>Totals:</u></b>                       |              |                      |              |                             |              |                |                 |
| Number:                                     | 8,562        | 7,847                | 13,076       | 13,143                      | 12,547       | 246,997        | 302,172         |
| Dollar Amount:                              | \$368,680.00 | \$390,424.00         | \$737,340.25 | \$751,108.00                | \$722,180.00 | \$9,325,771.63 | \$12,295,503.88 |
| <b><u>Summary</u></b>                       |              |                      |              |                             |              |                |                 |
| <b><i>Active in Process:</i></b>            |              | <b><u>Number</u></b> |              | <b><u>Dollar Amount</u></b> |              |                |                 |
|   |              | 302,172              |              | \$12,295,503.88             |              |                |                 |
| <b><i>Suspended Processing:</i></b>         |              | 686                  |              | \$11,620.00                 |              |                |                 |
| <b><i>All Others (Paid, Void, etc):</i></b> |              | 2,033,639            |              | \$50.00                     |              |                |                 |
|   |              | <hr/>                |              | <hr/>                       |              |                |                 |
|   |              | 2,336,497            |              | \$12,307,173.88             |              |                |                 |

**Amount Due by Issue Date 2014**

| <b>Year</b>  | <b>Total # of Tickets</b> | <b>Total Amount Due</b> |
|--------------|---------------------------|-------------------------|
| FY1996       | 12,870                    | \$ 357,640              |
| FY1997       | 13,183                    | 338,279                 |
| FY1998       | 13,527                    | 348,159                 |
| FY1999       | 12,366                    | 318,942                 |
| FY2000       | 12,211                    | 319,734                 |
| FY2001       | 14,604                    | 390,963                 |
| FY2002       | 14,984                    | 409,792                 |
| FY2003       | 16,467                    | 533,705                 |
| FY2004       | 14,325                    | 518,568                 |
| FY2005       | 16,070                    | 607,416                 |
| FY2006       | 18,296                    | 859,301                 |
| FY2007       | 17,934                    | 812,615                 |
| FY2008       | 16,749                    | 779,460                 |
| FY2009       | 17,629                    | 793,326                 |
| FY2010       | 18,574                    | 972,073                 |
| FY2011       | 14,514                    | 804,585                 |
| FY2012       | 12,585                    | 726,500                 |
| FY2013       | 12,884                    | 740,668                 |
| FY2014       | 18,083                    | 1,020,525               |
| <b>Total</b> | <b>287,855</b>            | <b>\$ 11,652,250</b>    |